

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF FOOTHILLS)	
RURAL TELEPHONE COOPERATIVE)	
CORPORATION, INC. TO PROVIDE)	CASE NO. 98-621
AN OPTIONAL AREA CALLING PLAN)	

O R D E R

On November 5, 1998, Foothills Rural Telephone Cooperative Corporation, Inc. ("Foothills RTCC") filed a new page in its General Subscriber Services Tariff. The purpose of the filing is to seek approval for the provision of an optional area calling plan ("OACP").

The OACP enables customers to call any location in the expanded local calling area for a monthly charge of \$4.95 and \$0.05 per minute in addition to the basic local exchange rate. Customers not selecting the OACP will continue to be charged for calls to that area at tariffed toll rates.

The Commission has had a long-standing practice of approving expanded calling plans of this nature when certain conditions are met. First, the plans must encompass a community of interest and there must be adequate customer demand for the service. Second, the pricing of the service must be such that it is revenue neutral and does not affect the rest of the general subscribership through revenue shortfalls or excessive profits to the utility.¹

¹ Administrative Case No. 285, An Investigation into the Economic Feasibility of Providing Local Measured Service Telephone Rates in Kentucky, Order issued October 25, 1990.

Foothills RTCC states that the expanded calling area in the affected exchanges reflects their communities of interest and there is significant demand from those customers. Foothills RTCC's proposed tariff for the OACP contains rates that have been designed to be revenue neutral based on the expected stimulation of demand; however, the company's worst case scenario provided to the Commission is projected to reduce Foothills RTCC's revenues by \$34,471. Therefore, the Commission will require Foothills RTCC to file a report on its actual results for the first 12 months and, if necessary, the OACP rates will be changed to ensure revenue neutrality. In addition, the Commission finds that Foothills RTCC should adhere to the guidelines discussed in Case No. 91-250.²

Thus, the Commission finds that the proposed tariff should be approved.

IT IS THEREFORE ORDERED that:

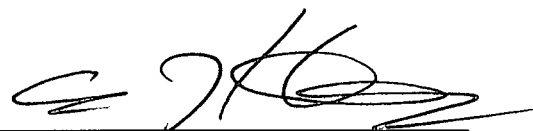
1. Foothills RTCC's proposed tariff to implement its OACP is approved for service rendered on or after the date of this Order.
2. Foothills RTCC shall gather 12 months of company-specific data as necessary to demonstrate the reasonableness and accuracy of its forecasts for its OACP. Foothills RTCC shall file this information with the Commission by February 28, 2000. Foothills shall also submit any proposed changes to the OACP rates to bring the OACP into compliance with the Commission objective of revenue neutrality.

² Case No. 91-250, South Central Bell Telephone Company's Proposed Area Calling Service Tariff, Order issued April 9, 1992.

Done at Frankfort, Kentucky, this 4th day of December, 1998.

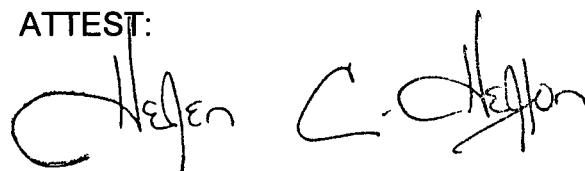
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director